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**BEFORE THE ARIZONA CORPORATIC****COMMISSIONERS**

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**BOB STUMP, Chairman**  
**GARY PIERCE**  
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**BOB BURNS**  
**SUSAN BITTER SMITH**

ARIZONA CORP COMMISSION  
 DOCKET CONTROL

ORIGINAL

IN THE MATTER OF REORGANIZATION ) DOCKET NO. E-04230A-14-0011  
 OF UNS ENERGY CORPORATION ) DOCKET NO. E-01933A-14-0011

) NOTICE OF FILING TESTIMONY OF  
 ) GREG BASS ON BEHALF OF NOBLE  
 ) AMERICAS ENERGY SOLUTIONS LLC  
 ) IN SUPPORT OF PROPOSED  
 ) SETTLEMENT AGREEMENT

Noble Americas Energy Solutions LLC ("Noble Solutions") hereby provides notice of filing  
 of the Testimony of Greg Bass on behalf of Noble Solutions In Support of Proposed Settlement  
 Agreement in the above-docketed proceedings.

Dated this 2<sup>nd</sup> day of June 2014.

Respectfully submitted,

*Lawrence V. Robertson, Jr.*

Lawrence V. Robertson, Jr.  
 Attorney for Noble Americas Energy Solutions LLC

The original and thirteen (13) copies  
 of the foregoing will be filed  
 the 2<sup>nd</sup> day of June 2014 with:

Docket Control Division  
 Arizona Corporation Commission  
 1200 West Washington Street  
 Phoenix, Arizona 85007

A copy of the same served by e-mail  
 or first class mail that same date to:

Arizona Corporation Commission  
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*[Signature]*

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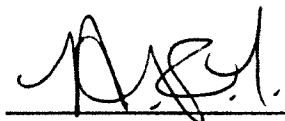
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TESTIMONY OF GREG BASS  
ON BEHALF OF NOBLE AMERICAS ENERGY SOLUTIONS LLC  
IN SUPPORT OF  
UNS ENERGY/FORTIS MERGER  
PROPOSED SETTLEMENT AGREEMENT  
DOCKET NO. E-04230A-14-0011  
DOCKET NO. E-01933A-14-0011

**Q.1 Please state your name, business affiliation and business address.**

A.1 My name is Greg Bass. I am Director of Retail Market Operations for Noble Americas Energy Solutions LLC ("Noble Solutions"). My business address is 401 West A St., Suite 500, San Diego, California 92101.

**Q.2 Are you the same Greg Bass whose prepared Direct Testimony was filed in this proceeding with the Commission's Docket Control on April 30, 2014?**

A.2 Yes, I am.

**Q.3 What is the purpose of the testimony you are submitting at this time?**

A.3 I am testifying on behalf of Noble Solutions in support of the Settlement Agreement and related Settlement Conditions reached in this proceeding. That Settlement Agreement and related Settlement Conditions were filed with the Commission's Docket Control on May 16, 2014; and, Noble Solutions is a signatory party to the Settlement Agreement.

**Q.4 Did Noble Solutions participate in the negotiations and subsequent drafting which resulted in the Settlement Agreement and related Settlement Conditions?**

A.4 Yes. I was in attendance throughout the settlement negotiations that were conducted in the Commissioners' Conference Room at the Commission's Offices in Phoenix on May 5, 2014. Thereafter, Noble Solutions' attorney of record in this proceeding and I reviewed the

1 draft language of the Settlement Agreement and related Settlement Conditions, as  
2 circulated by the Commission's Staff, and we offered such comment as we deemed  
3 necessary or appropriate from Noble Solutions' perspective. Finally, once the language of  
4 the Settlement Agreement and related Settlement Conditions had been agreed upon by all  
5 the parties who intended to become signatories, I executed the Settlement Agreement upon  
6 behalf of Noble Solutions.

7  
8 **Q.5 Why did Noble Solutions decide to sign and support the Settlement Agreement and**  
9 **related Settlement Conditions?**

10 A.5 The reasons are both general in nature and specific to the interests of Noble Solutions.

11 From a general perspective, the Settlement Agreement and related Settlement  
12 Conditions reflect the results of good faith and arms length negotiations and balancing of  
13 interests among most of the parties to this proceeding. In that regard, Sections 1.7 and 5.1  
14 of the Settlement Agreement state:

15 "The terms of this Agreement are just, reasonable, fair, and in the  
16 public interest in that they provide a just and reasonable resolution  
17 of the issues arising from this Docket and, among other things,  
18 establish appropriate conditions to ensure quality of service by the  
19 Regulated Utilities, enhance the financial strength of UNS Energy and the  
20 Regulated Utilities, retain local control of the Regulated  
21 Utilities, improve access to capital for UNS Energy and the  
22 Regulated Utilities, and avoid unnecessary litigation expense and  
23 delay."

24 and

25 "This case has attracted a large number of participants with widely  
26 diverse interests. To achieve consensus for settlement, many  
27 participants are accepting positions that, in any other  
28 circumstances, they would be unwilling to accept. They are doing  
29 so because this Agreement, as a whole, is consistent with their  
30 long-term interests and with the broad public interest. The  
31 acceptance by any Signatory of a specific element of this  
32 Agreement shall not be considered as precedent for acceptance of  
33 that element in any other context."

34 In addition, from the perspective of the specific impact of Noble Solutions, the

1 Settlement Agreement and one (1) of the Settlement Conditions directly address a subject  
2 that I discussed in my previously filed prepared Direct Testimony in this proceeding. The  
3 remainder of the Settlement Conditions are either consistent with or not relevant to the  
4 interests of Noble Solutions.

5  
6 **Q.6 What was the subject you raised in your prepared Direct Testimony, and which**  
7 **Settlement Condition addresses that subject?**

8 A.6 At page 4, lines 13-26 of my prepared Direct Testimony, I referred to the previously filed  
9 January 24, 2014 prepared Direct Testimony of UNS Energy's then Chief Executive  
10 Officer, Paul J. Bonavia, in which he discussed challenges and significant issues which  
11 confront UNS Energy and the Arizona Utilities in the near future. Among the challenges  
12 he cited were (i) a need "to adapt to changes in customers' energy consumption needs and  
13 expectations," and (ii) a need "to offer customers a broader array of choices in price and  
14 quality of service." Against that background, I suggested that a program similar to Arizona  
15 Public Service Company's current Rate Schedule AG-1 program should be considered by  
16 UNS Energy and Fortis as a part of a broad-based approach for responding to the  
17 challenges mentioned by Mr. Bonavia.

18 As a result of the subsequent settlement negotiations on May 5, 2014, the  
19 Settlement Agreement contains Settlement Condition No. 31, which provides as follows:

20 "In their next rate cases, TEP and UNSE will propose a pilot  
21 program for a 'buy through' tariff available to large light and  
22 power and large power service customers, respectively."

23 Noble Solutions is appreciative of this positive response by the settling parties, including  
24 UNS Energy and Fortis. In that regard, Noble Solutions intends to intervene in TEP's and  
25 UNSE's respective next rate cases; and, we look forward to the opportunity to review and  
26 comment upon such "buy through" pilot program(s) as each of those companies will be  
27 proposing. In that regard, Noble Solutions believes that the willingness of UNS Energy  
28 and Fortis to affirmatively commit TEP and UNSE proposing "buy through" programs in

1 their respective next rate cases is consistent with that "broad public interest" which the  
2 Commission will consider in this proceeding, incident to determining if the proposed  
3 merger should be approved.

4 In addition, Settlement Condition No. 41(iii) speaks in terms of UNS Energy and its  
5 affiliates continuing to support and, where appropriate, enhance "economic partnerships"  
6 and "consumer partnerships." As Administrative Law Judge Jane L. Rodda observed in her  
7 March 10, 2014 Procedural Order granting Noble Solutions' request for intervention in this  
8 proceeding, Noble Solutions could be either

9 ". . . a potential competitor or business partner with the Arizona  
10 Utilities." [emphasis added]

11 In this instance, with a properly structured and inclusive "buy through" program, Noble  
12 Solutions believes that the potential for it to "partner" with TEP and UNSE in the future in  
13 serving some of the requirements of some of those companies' customers for safe,  
14 reasonable and adequate service is quite good.

15  
16 **Q.7 Does Noble Solutions' execution and support for the Settlement Agreement and**  
17 **related Settlement Conditions mean that Noble Solutions would have no objection to a**  
18 **Commission decision approving the proposed merger?**

19 **A.7** Yes, provided that a final Commission decision did not alter the Settlement Agreement and  
20 related Settlement Conditions in such a manner as to be detrimental to the interests of  
21 Noble Solutions.

22 **Q.8 Does that conclude your testimony in support of the Settlement Agreement and**  
23 **related Settlement Conditions?**

24 **A.8** Yes, it does.  
25  
26  
27  
28